MARCOR

MONTGOMERY WARD
CONTAINER CORPORATION OF AMERICA

1970 ANNUAL REPORT

CONTENTS

Highlights of Fiscal Years Ended January 31, 1971 and 1970

	1970	1969
Net Sales	$2,804,856,000	$2,715,150,000
Net Earnings	59,637,000	66,950,000
Earnings Per Common Share	1.77	2.09*
Earnings Per Common Share Assuming Full Dilution	1.50	1.72*
Dividends Paid Per Common Share	.72½	.50*
Stockholders' Equity	896,015,000	859,347,000
Book Value per Common Share	23.00	22.07*
Shares Outstanding:		
Preferred	6,466,452	6,558,072
Common	26,161,154	25,502,528*

*Adjusted for Two-for-One Stock Split June 9, 1970

PRESIDENT'S LETTER TO MARCOR STOCKHOLDERS:

Marcor's 1970 fiscal year was one in which we pursued our internal growth objectives more vigorously than ever before. The year also brought a few disappointments.

On the favorable side, total sales set a record for the third straight year, climbing to $2,804,856,000. That represents a 3.3% increase over 1969 sales of $2,715,150,000. Both of Marcor's principal subsidiaries, Montgomery Ward and Container Corporation of America, reported record sales.

Net earnings declined 10.9% from $67 million in 1969 to $59.6 million in 1970. Net earnings per common share on a primary basis declined from $2.09 to $1.77. Fully diluted earnings per common share decreased from $1.72 to $1.50.

We were disappointed that sales and earnings fell below the annual growth rates projected in our five-year plan. We regard this as a temporary setback from our objective, attributable to the widespread economic decline, slowing of consumer spending and major strikes in areas particularly affecting our major markets and merchandising efforts. We are pleased with the performance of our organization in responding to these problems and in the furthering of our long-range goals.

Common stock dividends paid to stockholders totaled 72½¢ per share in 1970, compared with 50¢ in 1969. The 72½¢ reflects the June 9 two-for-one stock split approved by stockholders at last year's annual meeting and the dividend increase which went into effect in the second quarter. The present dividend rate on an annual basis is 80¢ per common share.

We invested $153 million in expansion of our two major businesses —$73 million for Montgomery Ward; $80 million for Container Corporation of America.

Marcor Housing Systems, Inc., a newly-formed subsidiary, has begun a modest housing development in Denver, Colorado. The initial 460 garden apartments are under construction, using precast and prestressed concrete structural members and a prebuilt surface core, manufactured by our subsidiary, Rocky Mountain Prestress, Inc. The acreage presently owned by Marcor in Denver is expected to accommodate about 2,700 multi-family housing units.

Detailed discussion of Marcor financial statements, the operating results of Montgomery Ward and Container Corporation of America for 1970, and plans for 1971 are presented in the body of this report.

Robert E. Brooker retired last May 26 as chairman and chief executive officer of Marcor. His leadership as chief executive officer of Montgomery Ward since 1961, and of Marcor for 18 months, provided stockholders and management with the business acumen and organizational strength that have given us the people, the finances and the programs to achieve continued growth in sales and earnings.

Mr. Brooker is continuing as a director of Marcor, Montgomery Ward and Container Corporation. He is serving as chairman of the executive committee of Marcor and has agreed to spend 50% of his time providing us with counsel and guidance in the long-term planning and development of our business activities. He is actively representing Marcor in public affairs and community services.

On January 6, 1971 John D. Foster, vice president and personnel director of Montgomery Ward, was elected to the newly-created position of vice president in charge of organization policy and planning for Marcor. In his new assignment, Mr. Foster is assisting the president of Marcor in formulating organization policies and plans for the company's principal subsidiaries.

The easing of money costs, rise in housing starts, and improved financial position of consumers should have a favorable impact on consumer spending in 1971. We are confident that, in 1971, we will realize the benefits of internal expansion carried out by both Ward and Container Corporation over the past several years. We expect our growth rate to accelerate.

In public and private sectors our organization continues to be actively involved with governmental and community agencies to improve the quality of life of our neighbors. We intend to continue in our leadership roles for better environmental conditions and more meaningful service to our customers.

We believe it is our corporate purpose and responsibility to produce social as well as economic dividends.

April 16, 1971

Leo H. Schoenhofen

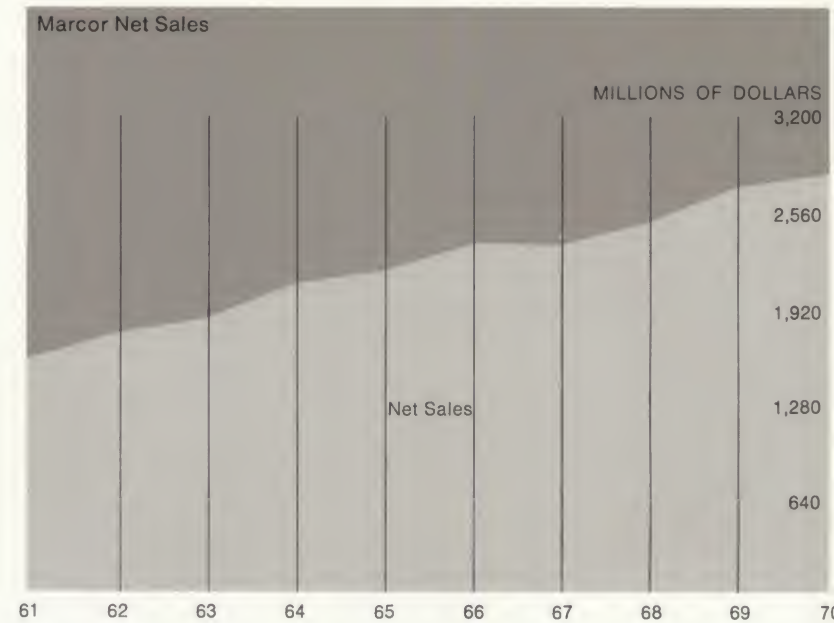
Leo H. Schoenhofen, President
and Chief Executive Officer

MARCOR INC.

Montgomery Ward is improving life styles of families by offering complete selections of merchandise values in more than 462 retail stores, 660 catalog stores and 961 catalog sales agencies. Giving customers what they want with satisfaction guaranteed has been Ward's policy for 99 years.

Expansion of the Florida paperboard mill of Container Corporation of America in 1971 will double its capacity to 1700 tons per day. This investment will provide adequate production capacity to meet raw material needs of container fabricating plants through the mid-seventies.

MARCOR FINANCIAL REVIEW



Marcor Sales and Net Earnings By Major Categories *(Millions)*

	Sales 1970	Net Earnings 1970	Sales 1969	Net Earnings 1969
Merchandising Montgomery Ward	$2,226.9	$39.1	$2,155.2	$43.8
Packaging Container Corp.	526.6	30.2	509.6	31.8
Other	51.4	(.8)	50.4	(.3)
Marcor Debenture Interest Expense	—	(8.9)	—	(8.3)
Total Sales and Net Earnings	$2,804.9	$59.6	$2,715.2	$67.0

Marcor net income for the 1970 fiscal year was $59,637,000, a decrease of 10.9% from 1969's record of $66,950,000. Earnings per common share were $1.77 as compared to $2.09 last year. Fully diluted earnings per share, assuming full conversion of Series A convertible preferred shares and the exercise of outstanding stock options, were $1.50 in 1970 and $1.72 in 1969.

Marcor Earnings By Quarters

	Total Earnings *(Thousands)* 1970	1969	Earnings Per Share *(Fully Diluted)* 1970	1969
Quarter				
1st	$10,433	$11,155	$ .27	$ .29
2nd	12,152	13,802	.31	.35
3rd	11,720	13,787	.29	.35
4th	25,332	28,206	.63	.73
Total year	$59,637	$66,950	$1.50	$1.72

Shareholders at the Annual Meeting on May 26, 1970 approved a two-for-one common stock split effective June 9, 1970. Shareholders also approved an increase in the number of authorized common shares from 50 million to 70 million. Marcor shareholders of record on June 9, 1970 received one additional share of Marcor common stock for each share held on that date. Each share of Marcor preferred stock is now convertible into two shares of common stock. Effective with the July 15, 1970 quarterly payment, the Marcor common dividend was increased 60%, from an annual rate of 50¢ per share to 80¢ per share.

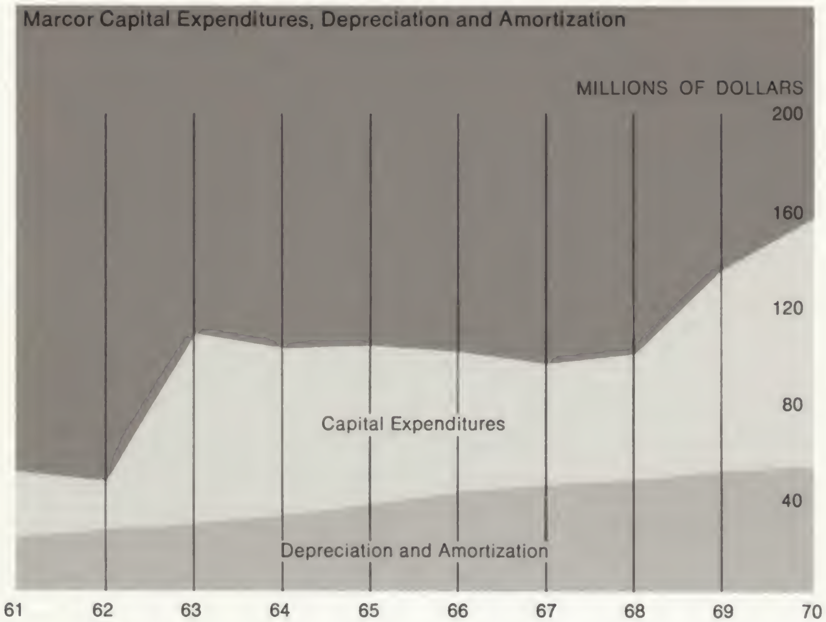
Receivables Increase to $1.2 Billion

Total accounts receivable at the end of fiscal 1970, including accounts owned by the Montgomery Ward Credit Corporation and by a group of banks, totalled $1,207 million. During 1970 Montgomery Ward sold approximately $260 million of customer receivables to a group of ten banks to provide for orderly satisfaction of financial requirements and to facilitate tax planning. The proceeds of the sale of these receivables have been invested in marketable securities.

In 1970, Marcor provided $50.3 million for federal and foreign income taxes, compared with $58.4 million in 1969. The federal tax surcharge accounted for $.9 million in 1970 and $5.0 million in 1969, reducing earnings per share by 3¢ in 1970 and 20¢ in 1969. The investment tax credit reduced taxes by $1.6 million in 1970 and $3.7 million in 1969.

Federal tax laws permit the Company to defer from taxable income its gross profit on uncollected customers' installment accounts, thus reducing current taxes payable. At year-end, total income taxes thus deferred were $170 million. Full provision for deferred taxes has been included in consolidated earnings.

Marcor's consolidated interest expense increased to $90.9 million from $84.2 million in 1969. The increase primarily was related to increased borrowings. The average rate paid on the Credit Corporation's commercial paper was 7.46% in 1970 and 7.64% in 1969. Commercial paper rates dropped substantially in the final quarter of fiscal 1970 and continued to decline in the first quarter of 1971.



Gordon R. Worley, vice president—finance

Credit Corporation Enters Second Decade

The Montgomery Ward Credit Corporation provides the financing for Montgomery Ward customer accounts. The Credit Corporation, which is entering its second decade of operation, finances the majority of its receivables through a combination of short-term obligations in the form of commercial paper and long-term debt. At the end of fiscal 1970, commercial paper outstanding amounted to $502 million. Confirmed bank lines at fiscal year-end totaled $501 million. While a number of companies experienced liquidity problems during the past year, the Credit Corporation found no reduction in the demand for its commercial paper.

In November, 1970 the Credit Corporation issued $60 million of debentures due November, 1990. Also during the past year, the Credit Corporation refinanced $25 million of term notes maturing in 1970, with new term notes due in 1975.

The Credit Corporation purchases Montgomery Ward customer accounts at a price which is designed to produce net income to the Credit Corporation equal to at least 1½ times the Credit Corporation's fixed charges on debt. Revenues from service charges collected from Montgomery Ward customers accrue to Montgomery Ward and are not a part of the Credit Corporation's earnings. In 1970, the Credit Corporation earned $15.9 million compared with $12.7 million in 1969.

To provide shareholders with a more detailed portrayal of Marcor's financial structure, the Credit Corporation's accounts are no longer consolidated with Marcor. Its condensed financial statements are shown separately on page 42.

The Credit Corporation's pretax earnings are now included in Marcor's consolidated statement of earnings as an offset to interest expense, and the Credit Corporation's federal income taxes are included in Marcor's provision for taxes on income. This revision in statement presentation for 1970 and previous years has no effect on Marcor's reported net earnings.

Capital Expenditures Rise to $160 Million

Marcor capital expenditures totaled $160 million in 1970 compared with $136 million in 1969. Capital expenditures in 1971 are budgeted to approximate $171 million.

Capital Expenditures *(Thousands)*

	Montgomery Ward	Container Corporation	Other Subsidiaries	Marcor Consolidated
1971*	$95,000	$65,000	$11,000	$171,000
1970	72,998	79,844	6,929	159,771
1969	55,060	73,529	7,739	136,328
1968	36,774	46,322	16,626	99,722
1967	26,645	50,060	19,240	95,945

*1971 Estimate

Substantially all of the funds required for Marcor's capital expenditures in 1970 were derived from internal sources, along with funds previously set aside for construction in progress. Retained earnings ($59.6 million net income less $31.8 million in dividends) provided $27.8 million; depreciation and amortization, $54.1 million; and deferred income taxes, $28.2 million. Funds generated internally from these sources will be adequate to finance substantially all of Marcor's capital expenditures in 1971.

The Montgomery Ward Life Insurance Company continued to grow as premium income for 1970 increased to $10.8 million from $9.6 million in 1969, and total assets exceeded $12.6 million. During the past year, the life insurance company introduced a successful program of accident and health insurance and continued development of its life insurance sales programs. Nine new branch offices were opened in 1970.

Pioneer Trust & Savings Bank earnings were $2.7 million in 1970 and $2.3 million in 1969. Total resources increased to $245 million from $226 million in 1969.

Hydro Conduit Corporation and its subsidiaries were adversely affected by the economic climate and lack of public funds for irrigation, flood control and road building projects at the federal, state and local levels during 1970. As a result, a loss of $300,000 was incurred, compared with a $2,000,000 profit in 1969.

MARCOR INC.

DIRECTORS

LEO H. SCHOENHOFEN
President and Chief Executive Officer

ROBERT E. BROOKER
Chairman, Executive Committee

GORDON R. WORLEY
Vice President-Finance

THOMAS F. CASS
Executive Vice President
Container Corporation

FREDERICK S. CRYSLER
Executive Vice President
Container Corporation

EDWARD S. DONNELL
President and Chief Executive Officer
Montgomery Ward

WILLIAM P. DRAKE
Chairman and Chief Executive Officer
Pennwalt Corporation
Philadelphia, Pennsylvania

GAYLORD FREEMAN
Chairman of the Board and
Chief Executive Officer
The First National Bank of Chicago

DANIEL M. GALBREATH
Associate, John W. Galbreath & Co.
Columbus, Ohio

DONALD M. GRAHAM
Chairman of the Board and
Chief Executive Officer
Continental Illinois National Bank &
Trust Company of Chicago

EDWARD GUDEMAN
Limited Partner, Lehman Brothers
New York

ROBERT S. INGERSOLL
Chairman and Chief Executive Officer
Borg-Warner Corporation, Chicago

JAMES LUTZ
Executive Vice President-Merchandising
Montgomery Ward

HENRY G. VAN DER EB
President and Chief Executive Officer
Container Corporation

OTHER OFFICERS

JOHN D. FOSTER
Vice President-
Organization Policy and Planning

DANIEL WALKER
Vice President-
Law and Government Affairs

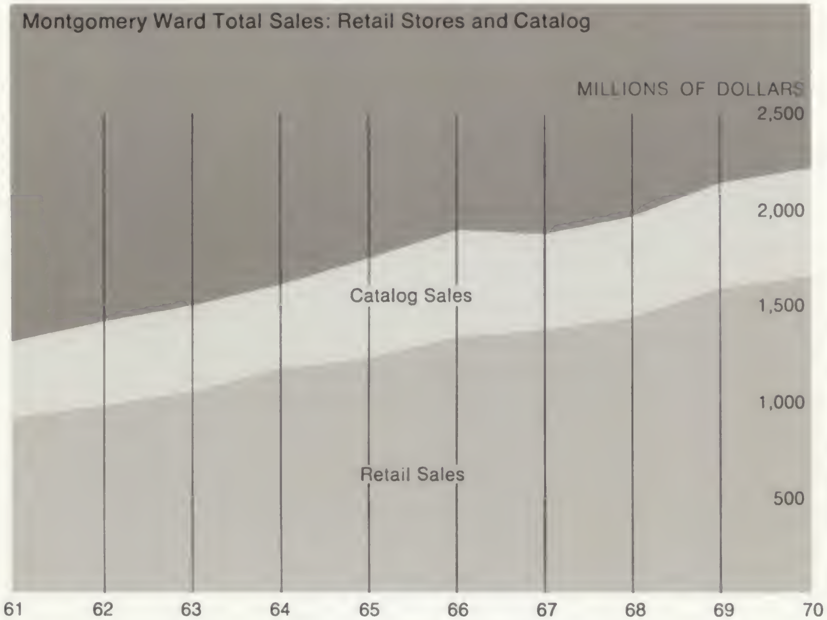
RICHARD S. KELLY
Secretary
and Assistant General Counsel

JOSEPH R. PETR
Assistant Secretary

MONTGOMERY WARD

Thousands of skilled repair technicians implement Ward's policy of servicing what it sells. Two to three day delivery of parts to anywhere in the country is provided by the National Parts Center which stocks and ships more than 40,000 different repair parts for Ward merchandise.

Major appliance sales contributed most to Ward's higher sales in 1970 as the retail industry registered a decline in such sales. A full selection of color-coordinated appliances for homes and apartments is offered to consumers for installation under clearly stated, comprehensive warranties.



Edward S. Donnell, president and chief executive officer

Montgomery Ward sales increased $71,644,000 in fiscal 1970 to a record $2,226,893,000, compared with $2,155,249,000 in 1969. Net operating earnings were $39,071,000, a decline of 10.8% from 1969 earnings of $43,782,000. Sales and earnings for fiscal 1970 cover a 53-week period, compared with 52 weeks for fiscal 1969.

The year was difficult for most retailers as the national economy showed no real growth following the economic downturn that began late in 1969. Many businesses, with a high percentage of retail volume in the Midwest, such as Wards, were particularly affected by the nine-week Teamster strike in the Spring, and the eight-week auto strike in the Fall. In spite of these problems, combined with a year of little economic growth nationally, the company's 1970 performance held up very well, particularly in retail sales.

Retail Store Sales Increased 4.1%

Ward's retail store sales increased to $1,647,708,000 in 1970, a 4.1% increase over sales of $1,582,633,000 in 1969.

During 1970, 60% of retail sales and 75% of retail profits were produced by 129 large stores opened since 1958 in major urban markets. These, and 127 stores in smaller markets, opened since 1958, accounted for 85% of 1970 retail sales and 94% of retail earnings.

Wards invested $73 million in 1970 in the construction of new stores, installation of equipment and creation of computerized administrative centers, compared with $55 million in 1969. Of the 23 new stores opened, four were large facilities in existing metro markets, three were large units in new markets, and 16 replaced smaller units in existing markets. In addition, 12 old stores were replaced with catalog stores or agencies.

During 1970 Wards increased its selling space by 1.4 million square feet, compared with 1.2 million in 1969. As of February 3, 1971, Wards had a total of 21.5 million square feet of retail store selling space, an increase of 7% over 1969.

In 1970, Wards opened 11 self-service stores built by modular construction techniques using prestressed concrete panels produced by Marcor's subsidiary, Rocky Mountain Prestress, Inc. The company now has 17 self-service stores, and management feels these

units will contribute to the solution of operating problems inherent in smaller metropolitan and rural markets where competition requires a modern store system that can service customers 72 hours each week.

Most of these stores have 65,000 square feet of selling space. One has 130,000 square feet of selling space, plus a supermarket. It was opened in 1970 in Rockford, Illinois. A second store of this size is to be opened in Fresno, California in October.

The Rockford store is the retail industry's largest retail store with complete computerized operations. Data from the cash register tapes is processed at computer facilities in Merriam, Kansas. Merchandise is reordered from there or from Wards fashion buying offices in New York and replenished as needed. This system eliminates much of the non-selling workload, allowing the store to operate with a smaller complement of employees and managers.

$95 Million Budgeted for Expansion

In 1971 Wards will spend $95 million for store expansion, capital improvements and the scheduled opening of 24 new stores. A total of 2.0 million square feet of selling space will be opened, 600,000 square feet more than was opened in 1970.

Because many of the new 1971 stores will open earlier in the year than did the 1970 stores, sales from new stores will be greater in 1971 than those realized in 1970. The 1971 new stores also will be larger, averaging 82,000 square feet of selling space, compared with 59,000 last year.

Ten of the new stores, compared with four last year, will be in metropolitan districts. They will provide additional profit leverage by sharing the cost of advertising and operating with existing stores.

Stores opened in 1970 have a ratio of 61% of selling space to gross space, compared with 40% to 50% for Wards conventional stores.

The new modular self-service stores have a ratio of 69% sales space to gross space. As the company opens additional units of its new type of modular self-service stores, Wards ratio of productive retail selling space to gross space will increase.

Catalog sales in 1970 totaled $579,185,000, an increase of 1% from $572,616,000 in 1969. Sales were adversely affected by a nine-week trucking strike, a four-week printers' strike, and confusion in the women's fashion market. While catalog sales were disappointing, they were profitable.

Stronger catalog promotional efforts, combined with continued expansion of catalog tire-battery-accessory stores, sales agencies, catalog stores, catalog desks in retail stores, and central telephone units are expected to improve sales in 1971. These programs will be supported by new computer technology that plots buying trends of catalog customers, improves control of inventories and improves the effectiveness of catalog distribution lists.

Wards added 67 independently-owned catalog sales agencies in medium-size and smaller communities in 1970, bringing the total to 961. During 1971, 100 more agencies are to be opened.

At fiscal year-end, Wards operated 660 catalog stores, compared with 669 at the end of 1969.

Wards is accelerating its facilities program for catalog tire-battery-auto accessories sales to attract additional customers. In 1970, 20 new units were added, increasing the total to 93. In 1971, 35 more catalog TBA units will be opened.

Customer Credit Sales Rose 4.5%

Ward's customer credit sales in fiscal 1970 were $1,146,850,000, an increase of 4.5% over $1,097,022,000 in 1969. Active accounts of customers totaled 5.2 million compared with 5.1 million last year. Credit customers accounted for 51.5% of total sales, compared with 50.9% a year ago.

Accounts receivable outstanding at year-end, including accounts owned by the Montgomery Ward Credit Corporation and by a group of banks, totaled $1,132,838,000, an increase of 2.6% over $1,104,468,000 a year ago. The average customer account balance increased to $209 compared with $207 in 1969. Charg-all sales were 99.5% of total credit sales in 1970, compared with 95.9% in 1969. Time payment sales accounted for the remaining .5%.

Twenty-three new stores with 1.4 million square feet of selling space were opened during 1970. Exteriors and interiors of Ward's new stores are designed to attract today's modern families interested in eye-appealing, comfortable environments in which to do their shopping.

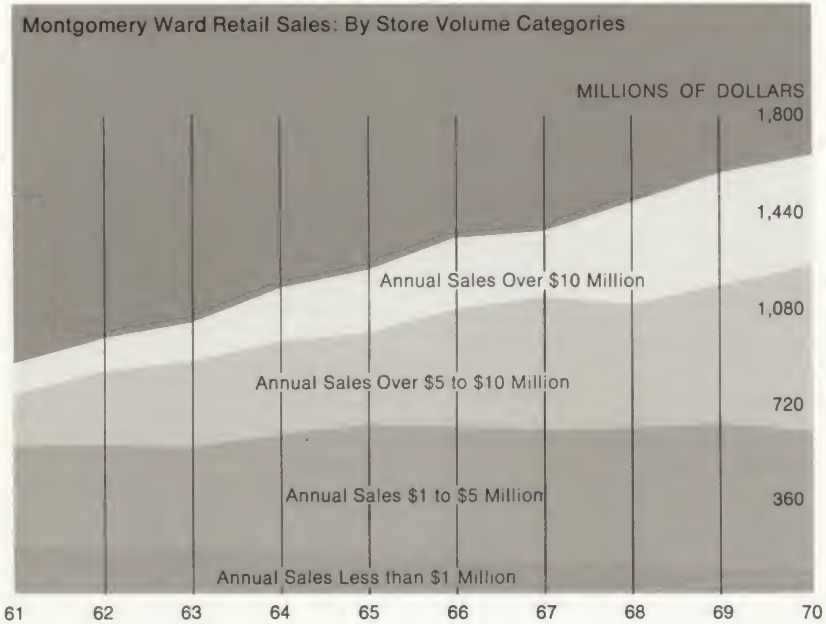
Customers in Ward's new modified self-service stores find shopping fast and easy as they are able to serve themselves and take their purchases to one of several check-out stations. Specific information about each item sold is fed into a computer system which generates re-stocking orders.

A computer system, designed specifically for the new modified self-service stores, maintains stock records and replenishes merchandise as needed. The computer also provides information required for seasonal merchandising plans and prepares customer bills.

from scanner...

to computer...

to print-out.



James Lutz, executive vice president—merchandising

In 1970 Wards opened computerized administrative centers in Oakland, Minneapolis-St. Paul, and Baltimore. Eight of these centers now give Wards the advantage of more sales space in its new stores than in the past because all paperwork in credit, accounting, and some merchandising is being transferred to the centers. Three more centers in Portland, Oregon; Denver, Colorado; and Albany, New York are to be opened in 1971 to complete this program.

Montgomery Ward, in contrast to the industry trend, recorded a 12% increase in major appliance sales in 1970. To meet the demands of the growing appliance market, Wards is adding 100,000 square feet of space to its National Parts Service Center near Chicago in 1971. Expansion will further improve the company's capability to service Ward products in any part of the nation in one to three days.

In 1970, more than one million customers purchased Wards service contract agreements, assuring them of guaranteed maintenance for appliances and other major product lines.

Wards enlarged its role as a major food-service company, with the opening of 24 new buffeterias (total 235) and its first out-of-store restaurants, called Royal Chef, in shopping malls in Grand Rapids, Michigan and Schenectady, New York.

Consumer Credit at Wards is a Customer Service

Credit is an integral part of our nation's economy. It has been developed in many forms to meet the differing requirements of all types of businesses and consumers.

As a national retailer which has served the needs of American families for 99 years, Wards is known for the policies it has followed since its founding—Satisfaction Guaranteed or Your Money Back.

Over five million Montgomery Ward customers have indicated their preference for buying merchandise on credit. During 1970, these customers purchased goods totaling $1,146,850,000 on their credit accounts. Montgomery Ward credit sales during the past ten years have increased from 40% to 51.5% of total sales.

The capital required to support these credit accounts is double that required to finance the company's merchandise inventories. Credit operation costs include payroll, credit administration, opening accounts, monthly billings, credit losses from uncollectible ac-

counts and interest costs on money borrowed to finance the customer accounts until they are paid.

In recent years there has been a general misconception with regard to the profitability of service charge revenues generated from credit sales sold on a deferred payment or revolving credit basis. As detailed in footnote number 11 on page 44, and reported on by Montgomery Ward's independent public accountants, service charge revenues in 1970 exceeded the costs of credit including interest and federal income taxes by $5.7 million. This represents approximately 0.5% of credit sales and a 0.55% return on average investment in customer receivables of over $1 billion. In 1969 service charge revenues exceeded credit and interest costs by $3.9 million, which is 0.35% of credit sales and 0.4% of the average investment in customer receivables. Expenses related to 30-day charge accounts which do not generate service charges have been omitted from these computations.

Further Credit Cost Reductions Doubtful

Although Wards has almost continually been introducing cost reduction systems for administering credit operations, it is apparent that further significant cost reductions no longer can be expected. Therefore, the company must continue to resist efforts to require reductions in credit service charges. In those states where retailers have been forced to reduce service charges, both credit and cash customers have been adversely affected. If retailers are to continue to offer credit, reduced revenues must be made up by increasing merchandise prices and reducing services provided to customers. Higher prices mean that cash customers must pay a substantial share of the cost of extending credit. In addition, credit will become less available, particularly to marginal and low-income customers.

Because the extension of credit to consumers by retailers has been under legislative and legal attack from various quarters, Montgomery Ward management believes it is timely for it and other major retailers to contribute to a full understanding of the pros and cons of our nation's credit economy, an economy that is an integral part of our nation's economic way of life. It is our conviction that a sound retail credit system is essential to the economic well-being of individual consumers.

Ward's management believes in full disclosure of credit practices and has a consistent and proven record as a supporter of the Federal Truth-in-Lending Act. It also is encouraging adoption of a Uniform Consumer Credit Code in all states to provide equal protection for all credit customers. This Code was developed over a period of five years by the National Conference of Commissioners on Uniform State Laws with representation for all 50 states. Wards and many other major retailers are aggressively supporting realistic legislation that will assure that credit can be offered to a maximum number of customers on a fair and equitable basis.

In 1970, Ward's interior decorating courses, a new consumer education service, graduated their 40,000th student. Two advanced courses now are attracting additional enrollments as customers seek to develop semi-professional home decorating aptitudes.

In January 1971, Wards announced a new travel service for customers, offering 12 low-cost packaged tours to Europe, the Middle East, and North and East Africa. One of the largest tour operators in Europe, NUR Neckermann, handles reservations, travel and customer inquiries for Wards through a New York subsidiary, Travel N-C.

In the educational field, Wards is offering an audio-visual computer course in conjunction with Advanced Systems Inc. in two stores in Chicago and Wheaton, Maryland. Commercial Trades Institute of Chicago, a leader in the field of vocational school education, was acquired as a wholly-owned subsidiary by Wards in 1970.

New Products Meet New Consumer Demands

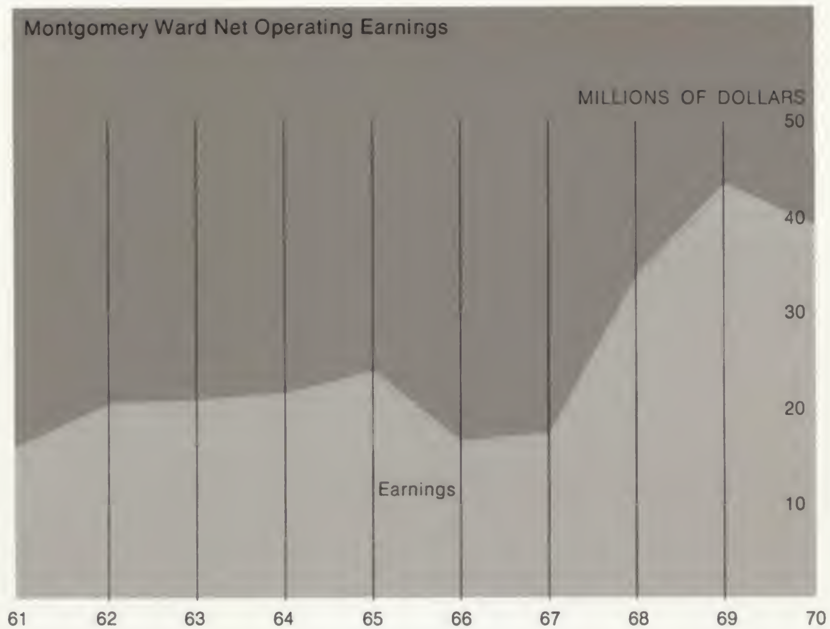
Through its Research and Development Center, Wards is introducing new products to meet increasingly specialized and sophisticated demands of consumers.

Responsive to consumer concerns about their community environments, Montgomery Ward developed and introduced one of the first and most effective non-polluting detergents. It contains no phosphates, no enzymes, no NTA. The formula has been offered to other companies at a nominal royalty as another Ward contribution to the improvement of the health and ecology of the nation.

An electronic air cleaner which cleans the air in an ordinary room up to six times an hour, removes up to 99 percent of all airborne particles. Odors are removed by a charcoal filter element.

Today's modern young man is assured of current "in" fashions for leisure, dress or sport from Club Room boutique shops which feature outstanding values in a broad assortment of fabrics and colors. Ward's selection includes all-season fabrics requiring a minimum of cleaning care.

Fashion-alert women patronize Ward boutique shops for variety, value and quality in apparel and accessory selections. Internationally known members of Ward's Designer Advisory Board counsel buyers and manufacturers in anticipating fashion fads, styles and trends.



Sidney A. McKnight, senior vice president

A compact, low-cost portable spin-dry washer with a five pound load capacity was developed for apartment, condominium and mobile home dwellers. Only two-feet wide and three-feet high, it "fits" where space is at a premium.

Other new 1971 products include: carpeting woven with metallic yarn to reduce static electricity shocks; a Teflon-coated electric fondue that is submersible in water and has an adjustable heat control; an electric hibachi for indoor gourmets; and a three-wheel, all-terrain sports buggy for summer or winter sporting events.

Community Projects Broadened

Montgomery Ward is continuing its active support of programs to aid disadvantaged minority citizen groups and to make contributions to social, educational and youth programs. Financial contributions from the company and from the Montgomery Ward Foundation for all civic, charitable, health, and educational organizations totaled approximately $1,500,000 in 1970.

Wards and the Montgomery Ward Foundation are supporting college scholarships for 29 children of Ward employees in 1971 through the National Merit Scholarship Program. Increased financial assistance is being extended to the 4-H Scholarship Program and to 40 state and regional associations representing 542 independent colleges and universities throughout the country.

A Vocational Improvement Program was expanded in 1970 for the hiring and training of 1,000 disadvantaged and unemployed persons. The company also is providing, through the National Welfare Rights Organization, up to $100 of credit for welfare recipients.

Ward management provided primary leadership for the second annual Chicago Business Opportunity Fair, a gathering of 300 corporations with the city's minority-owned businesses. The event provided opportunities for minority sellers to discuss the goods and services they had to sell and resulted in the establishment of 4,000 more buyer-seller contacts than in 1969. A similar program for the Watts area of Los Angeles was headed by Ward officials.

Marcor and Montgomery Ward executives led Chicago's Crusade of Mercy to an all-time record, registering the highest percentage increase for any Crusade in the nation.

1971 Forecast is Optimistic

The outlook for Montgomery Ward in 1971 is encouraging. Expansionary federal fiscal and monetary policies are expected to provide an increasing stimulus to business as the year progresses:

- An increase of 7.7% is expected in Gross National Product, compared with a 4.9% increase last year; and

- Consumer after-tax income is expected to rise 7.6%.

In addition, new housing starts are projected at 1.7 million for 1971, compared with 1.4 million in 1970. This rate of increase in the supply of new housing, combined with a strong increase in demand due to a high rate of family formations, will generate a substantial demand for Ward-type household goods.

Key to the sales outlook is the consumer. His mood will determine his spending...and Ward's sales. During 1970 his outlook on the economy was the gloomiest in over a decade. This was reflected in an unusually high 7.3% rate of savings from after-tax income and a low level of expenditures. An improving economy, the consumer's strong financial position and a healthy increase in after-tax income should provide substantial pressure for an improvement in consumer sentiment during 1971. As consumer sentiment improves, his expenditures can be expected to rise significantly.

In total, dollar sales of Ward-type merchandise are expected to rise 7.5% in 1971, of which 3.6% will be unit sales gains. Because Montgomery Ward transacts more than 50% of its sales on credit, and since durables are expected to spearhead the sales increase, Ward's anticipates a substantial increase in consumer credit sales.

To strengthen management for future growth, the Board of Directors elected Frederick H. Veach to the new position of vice president-organization administration. Robert M. Elliott succeeds Mr. Veach as vice president and general manager of the Western Region. Wayne E. Matschullat was elected vice president and general manager of the North Central Region, succeeding S. D. Ward, who, for reasons of health, requested that he be relieved of his assignment.

MONTGOMERY WARD

DIRECTORS

EDWARD S. DONNELL
President and Chief Executive Officer

ROBERT E. BROOKER
Chairman, Executive Committee

HAROLD F. DYSART
Vice President-Operating

JOHN D. FOSTER
Vice President, Organization Policy and Planning, Marcor Inc.

EDWARD GUDEMAN
Limited Partner, Lehman Brothers
New York

JAMES LUTZ
Executive Vice President-Merchandising

SIDNEY A. McKNIGHT
Senior Vice President

MARTIN D. MUNGER
Vice President

LEO H. SCHOENHOFEN
President, Marcor Inc.

FREDERICK H. VEACH
Vice President-Organization Administration

CHARLES W. WAGNER
Vice President

DANIEL WALKER
Vice President-Law & Government Affairs

S. DONALD WARD
Vice President

GORDON R. WORLEY
Vice President-Finance

OTHER OFFICERS

Vice Presidents

RICHARD L. ABBOTT
New York Office

SANFORD W. ALLRED
Catalog Merchandising

ASHLEY D. DeSHAZOR
Credit

CHETT A. ECKMAN
Catalog Operations

ROBERT M. HARRELL
Retail Merchandising

PHILLIP I. LIFSCHULTZ
Taxes

JOHN A. MARCHESE
Procurement

KERMIT A. PICKETT
Systems

Divisional Vice Presidents

ROBERT V. GUELICH
Public Relations

WILLIAM J. HARBECK
Corporate Facilities

DEAN R. LEWIS
Customer Service

HERMAN A. NATER
Distribution

RICHARD C. SCHEIDT
Labor Relations

Treasurer

HAROLD E. SORTOR

Assistant Vice Presidents

LEO J. LEYDON
Auditing

WILLIAM J. SCHROEDER
Accounting

JOHN B. STARK
Merchandising Control

Assistant Treasurers

JAMES C. MORTON
Bank and
Financial Relations

LAWRENCE A. WARD
Investments

Assistant Secretaries

HAROLD W. BANCROFT
MARK C. CURRAN
WILLIAM F. McNALLY
JAMES G. McWATERS
JOSEPH R. PETR
IRWIN J. SHAPIRO
WILLIAM A. VOSS

Shelves of grocery, hardware, drug and department stores stock millions of cartons which Container Corporation fabricating plants create and produce from paperboard. Each is designed to protect a product, communicate its contents and offer a convenience to consumers.


creativity in design


combined in a package


skill of craftsmanship


produced from paperboard


concern with quality

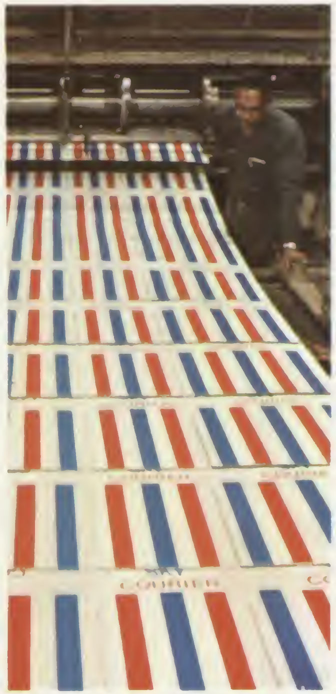

to market a product

Thousands of industrial, agricultural and retail products travel to their markets in corrugated containers. These packages provide economical protection for products. They are custom designed and mass produced to meet specific transportation and distribution needs.

Foods
Drugs
Tobacco
Furniture
Chemicals
Paints
Appliances
Machinery
Toys
Plastic Products
Rubber Products
Wearing Apparel
Soaps and Detergents
Glass Products
Petroleum Products
Sporting Goods
Lighting Fixtures
Wood and Paper Products


versatile corrugated board


custom designed to fit products


printed with colorful graphics


formed into sturdy containers


mass produced for economy

CONTAINER CORPORATION OF AMERICA

Leadership in paperboard packaging begins in the forest and extends to the marketplace. Timberland is farmed like other fields, but it takes several decades to grow a crop of trees. Genetically superior trees provide seeds for future generations of stronger, faster-growing trees.

Wood fibres are formed into paperboard on giant containerboard machines such as this one at Brewton, Alabama, which has a capacity of 615 tons per day. Most of the paperboard produced by company mills is converted into finished products by package fabricating plants.

a variety
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ries.

Motor Oil and Grease
Anti-Freeze
Caulking Compound
Auto Parts
Kitchen Cleansers
Frozen Fruits
Shortening
Citrus Juices

Molded plastic drums, tanks, carboys and other industrial containers are a specialty of the plastics division of Container Corporation of America. This division also has pioneered development of special plastic formulations to hold materials that are difficult to contain.

synthetic plastic resins

molded into components

formed into containers

Foods
Oils
Chemicals
Acids

Foods
Beverages
Cosmetics
Candy
Tobacco
Hardware
Toys
Drugs

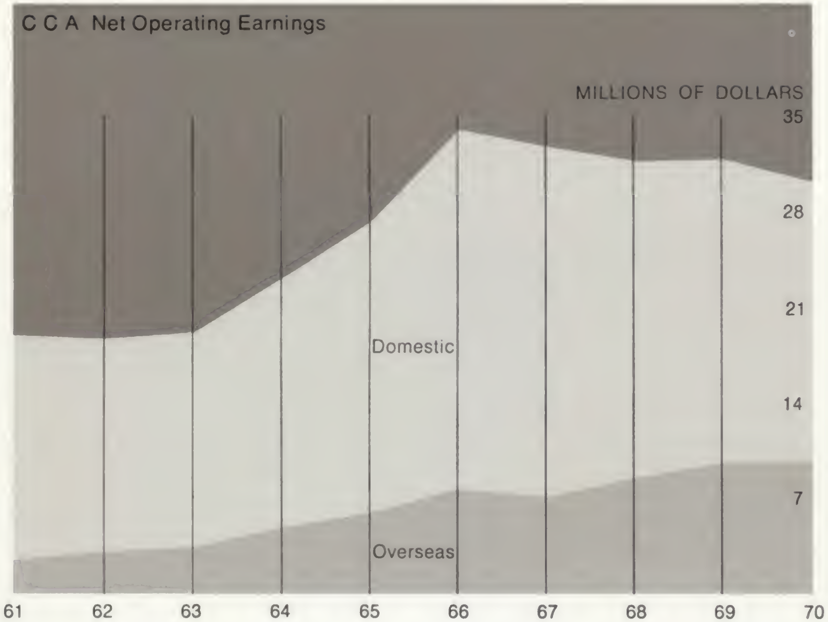
Bakery Products
Laundry Products
Textile Products
Rubber Goods
Paper Goods
Retail Boxes
Sporting Goods
Biscuits and Crackers

Liquids, oils, pastes, powders, a
of other items are packaged in c
cans. The special requirements
diverse products are met by the
packages, which combine pape
other materials. They are manuf
Container Corporation in four c


laminated paper bodies


combined with other materials


to form a composite can



Henry G. Van der Eb, president and chief executive officer (right), Frederick S. Crysler, executive vice president.

Container Corporation of America recorded its 13th consecutive year of sales growth in fiscal 1970. Sales were $526,601,000, or 3.3% above the $509,554,000 record established in fiscal 1969.

Although the sales gains were achieved during a recessionary economy, with demand for products flattening through most of the year and dropping sharply in the final months of 1970, the company was unable to offset the burden of substantially higher labor, fuel and transportation costs with increases in selling prices. Elimination of the surtax on Federal income tax was partially offset by increases in local and state taxes. The net result was a decline in operating earnings to $30,170,000, or 5.1% lower than the $31,792,000 reported for 1969.

Final results were better than the general performance of companies in the paper and paperboard packaging industry, but were below the levels anticipated by management at the beginning of the year. During the year, however, the company strengthened its base for future growth by increasing its unit sales in most product lines and strengthening its competitive position with many of its major corporate customers.

An important factor contributing to earnings stability was the overseas division of the corporation. Approximately 22% of sales and over 30% of total corporate profits were generated by overseas subsidiaries, located in Colombia, Mexico, Venezuela, Italy, Spain, and the Netherlands. In the European division, earnings were held down by increased costs without offsetting price gains. However, higher volume in the growing economies of Mexico, Colombia, and Venezuela resulted in improved profits for the Latin American subsidiaries of the company.

Sales Concentrated in Finished Products

Container Corporation continued its emphasis on development and production of finished packaging products. These accounted for $443,749,000, or 84% of all sales in 1970. Corrugated and solid fibre shipping containers represented 47% of the 1970 total. Sales of paperboard cartons, composite cans, fibre drums, plastic packaging and other fabricated products amounted to 37%. Paperboard, mill by-products, and paper stock accounted for the balance of corporate sales.

Paperboard cartons and containers, the principal products of the company, are custom packages designed to meet specific marketing and distribution requirements of customer companies. Container Corporation's creative and engineering services develop packaging systems that make a maximum contribution to the efficiency and economy of customer operations. These services include creative graphic design, market research, structural design, transportation and materials handling consultation, and the development of mechanical packaging systems for customer companies.

To further enhance its service capability, the company is acquiring a small engineering services company, which specializes in the design of automation systems and the development and manufacture of machinery for packaging and processing operations. When this acquisition is completed in 1971, it will improve Container Corporation's capabilities for designing and manufacturing packaging systems.

Timberland Holdings Increased

In 1970,48,000 acres of timberland were purchased or acquired on long-term lease. At year-end the company owned, leased or had cutting rights on 817,000 acres of timberlands adjoining its southern paperboard mills. Container Corporation of America also has a 49 per cent equity in the T. R. Miller Mill Co., Inc., which owns 194,000 acres near the company mill in Brewton, Alabama.

Pulpwood harvested from company lands is supplemented by purchases from independent landowners and tree farmers near its paperboard mills. The company assists these suppliers in management of their timberlands to help improve the yield of pulpwood, to shelter wildlife, and to minimize erosion. In 1970 the company planted five trees for each one cut from company lands. In addition 1,500,000 seedlings were distributed to landowners and other groups for planting. A new seedling nursery is being established next to the company's Florida mill. Further progress is being made in the development of genetically superior seedlings for planting on company lands and for distribution to pulpwood suppliers.

To meet the increasing raw material needs of its package fabricating facilities, Container Corporation of America in 1970 produced 1,357,000 tons of paperboard at its 14 domestic paperboard mills.

To strengthen the base for future growth and profitability, capital expenditures for 1970 totalled $79.8 million, compared with $73.5 million in 1969.

The principal capital investment in both of these years was for expansion of the paperboard mill in Fernandina Beach, Florida. Start-up of this facility has been postponed to the end of the first quarter of 1971 due to construction delays.

Expansion Program Continues

Container Corporation will continue its modernization and expansion program in 1971. Principal capital investments will be made for the following projects:

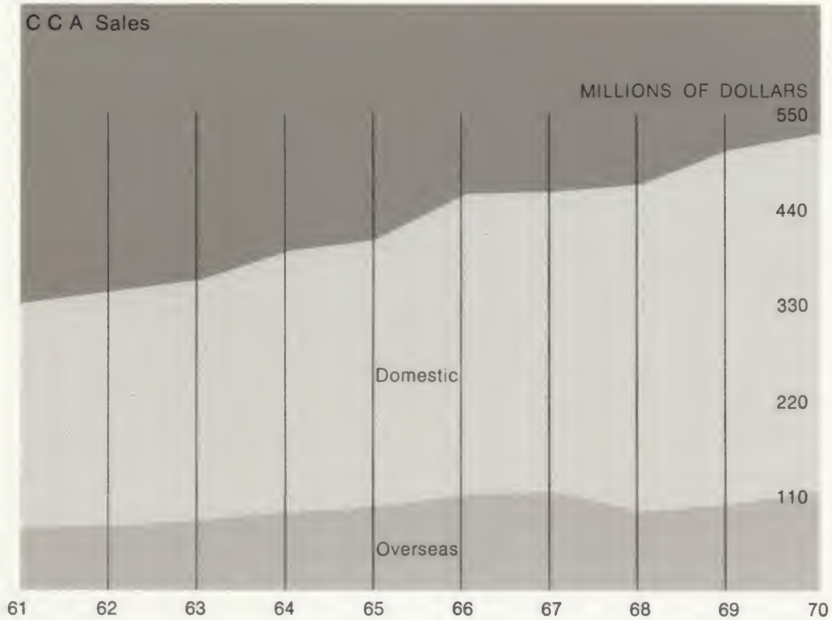
- Expansion of wood pulping capacity at the mill in Brewton, Alabama.
- Completion of new shipping container plants in Cincinnati, Ohio, and Allentown, Pennsylvania.
- Expansion of the production capacity of the Memphis shipping container plant.
- Completion of a new fabricating plant in southern California opened by the carton division early in 1971.
- Construction of a new composite can production facility in Jackson, Tennessee.
- Modernization of the Philadelphia mill, including installation of a new Ultraformer paperboard machine and auxiliary equipment.

Environmental Control Program Expanded

The environmental relationships of the products and processes of the company continue to be a principal concern of management. Air and water quality control processes and equipment represent a significant portion of the investment for expansion of the paperboard mill in Fernandina Beach, Florida.

At its Brewton mill the company installed a new system for adding free oxygen as a final treatment of pulp mill effluent and substantially expanded its system for aeration of mill waste waters prior to returning them to the Conecuh River.

The paperboard mill in Wabash, Indiana, completed a cooperative venture with the city, which the Indiana Izaak Walton League com-



Thomas F. Cass, (center), executive vice president.

mended as the "first joint operation of waste treatment plants between city and industry." As its part of this program, Container Corporation designed and built a sewage treatment and water chlorination plant on its own land and is sharing operating costs with the city of Wabash.

Through its internal research facilities and joint industry efforts, the company continues active research and development in new and improved methods of waste paper collection and processing, and in development of new products utilizing recycled fibres.

In August, the company phased out its wood pulping operations in Carthage, Indiana, for reasons of ecology and economy. The mill now converts 35,000 tons of used fibres annually into high-quality corrugating medium.

Container Leads in Paper Recycling

Container Corporation is the nation's largest recycler of used paper fibres. Waste paper represented 47% of the total raw materials used by the domestic mills of the company in 1970. Paper stock collection plants were opened in Fort Wayne, Indiana and Bakersfield, California by the Pioneer Paper Stock Division. The company last year collected over 1,000,000 tons of waste paper, 10% of all secondary fibres used in the country. Of this, 715,000 tons were reprocessed into paperboard by company mills, and the balance was sold to other companies for recycling into new products.

Because of its leadership and commitment to sound environmental management, Container Corporation sponsored a nationwide student competition to obtain a graphic symbol which might be used to identify packages and other items made from recycled materials, as well as those which are capable of being recycled. The winning symbol has been made available for use by all companies in the paper and paperboard manufacturing industry, as well as by other industries which recycle their products.

The Container Corporation of America Foundation last year made grants totaling $457,000. Of this total, 58% was made to educational institutions and 42% to charitable and scientific groups.

Carl M. Blumenschein, senior vice president-finance, retired August 1, following 42 years of service to the company. Following Container Corporation's merger with Montgomery Ward in the formation of Marcor Inc. in 1968, Mr. Blumenschein also served as vice president and controller of the parent company.

New Officers and Directors Named

The organization of the corporation was strengthened by the election of several new officers and directors in 1970. New directors are R. Harper Brown, Donn O. Jennings, Everett G. Temple, and William B. Whiting, all senior vice presidents of Container Corporation; and Gordon R. Worley, vice president-finance of Marcor Inc. and Montgomery Ward.

New vice presidents elected during the year were: Edward N. Jacobs, manager of European operations; Everett O. Jones, southeastern container division general manager; and Lloyd E. Williams, whose responsibilities include public affairs, purchasing, transportation, and the operations of the Pioneer Paper Stock Division. David C. Whitehouse, vice president, was given responsibility for the Venezuelan subsidiaries. The responsibilities of William P. Peters, vice president, research and development, were broadened to include direction of the long-range planning activities of the company, as well as the evaluation of external opportunities for expansion.

CONTAINER CORPORATION

DIRECTORS

HENRY G. VAN DER EB
President and Chief Executive Officer

ROBERT E. BROOKER
Chairman, Executive Committee
Marcor Inc.
Montgomery Ward

R. HARPER BROWN
Senior Vice President

THOMAS F. CASS
Executive Vice President

FREDERICK S. CRYSLER
Executive Vice President

HARRY E. GREEN
Senior Vice President

PAUL W. GUENZEL
Vice President and Treasurer

DONN O. JENNINGS
Senior Vice President

LEO H. SCHOENHOFEN
President and Chief Executive Officer
Marcor Inc.

EVERETT G. TEMPLE
Senior Vice President

WILLIAM B. WHITING
Senior Vice President

GORDON R. WORLEY
Vice President-Finance
Marcor Inc.

OTHER OFFICERS

RICHARD C. BITTENBENDER
Vice President-Personnel

LAURENCE A. COMBS
Vice President-Industrial Relations

ROBERT E. FELTES
Vice President and Controller

WILLIAM P. PETERS
Vice President—Research
and Planning

LLOYD E. WILLIAMS
Vice President—Paper Stock,
Purchasing, Transportation
and Public Affairs

RICHARD S. KELLY
General Counsel

EDWARD K. MEIER
Secretary and Assistant
General Counsel

Divisional Vice Presidents
Shipping Containers

ALBERT L. AHLERS
LEWIS M. CUTTER
MACON M. DALTON
EVERETT O. JONES
FRANK G. JONES
JOSEPH F. KILCULLEN
RICHARD C. WINKLER

Folding Cartons

ALBERT A. AUSTIN
WILLIAM E. MASTBAUM
MORTON H. ROBINSON
J. DONALD SCOTT

Composite Cans

THOMAS L. BENSON, JR.

Paperboard Mills

R. WILLIAM ERSKINE
ROBERT E. PHINNEY

Plastics

JEROME S. HEISLER

Overseas

EDWARD N. JACOBS
WILLIAM H. RICHARDS
STANLEY B. TAMKIN
DAVID C. WHITEHOUSE

Assistant Controller and
Assistant Treasurer

JAMES F. OATES

Assistant Controllers

H. WOODWARD JOHNSON, JR.
WILLIAM P. LEE

Assistant Treasurer

JOHN J. EGAN

Assistant General Counsel
and Assistant Secretary

JOSEPH B. HIGGS

Assistant Secretary

RICHARD W. CARPENTER

FINANCIAL STATEMENTS

MARCOR INC. AND CONSOLIDATED SUBSIDIARIES

BALANCE SHEET

ASSETS	January 31, 1971	January 31, 1970
Current Assets:		
Cash	$ 34,489,000	$ 29,551,000
Marketable securities, at cost which approximates market	214,182,000	3,417,000
Receivables, less reserves (Note 3)	311,104,000	324,940,000
Inventories, at the lower of cost or market	598,520,000	530,819,000
Prepaid expenses	68,774,000	53,153,000
Total Current Assets	$1,227,069,000	$ 941,880,000
Investments and Other Assets (Note 2)	$ 230,573,000	$ 197,105,000
Properties and Equipment, at cost:		
Land	$ 82,644,000	$ 69,458,000
Timberlands, less depletion	53,534,000	51,837,000
Buildings	412,202,000	366,252,000
Leasehold improvements	45,802,000	34,071,000
Machinery, fixtures and equipment	690,523,000	620,779,000
Funds for construction in process	—	22,458,000
	$1,284,705,000	$1,164,855,000
Less—Accumulated depreciation and amortization	453,052,000	414,500,000
Properties and Equipment, Net	$ 831,653,000	$ 750,355,000
Unamortized Financing Costs	$ 3,689,000	$ 3,958,000
Excess of Cost of Acquired Subsidiaries Over Underlying Book Value at Dates of Acquisition	$ 166,746,000	$ 166,746,000
Total Assets	$2,459,730,000	$2,060,044,000

LIABILITIES Current Liabilities:	January 31, 1971	January 31, 1970
Short-term loans and current portion of long-term debt	$ 19,800,000	$ 12,308,000
Notes payable to Montgomery Ward Credit Corporation	328,400,000	27,700,000
Accounts payable and accrued expenses	361,223,000	324,073,000
Taxes on income—Currently payable	17,117,000	4,125,000
Deferred (primarily relating to installment receivables)	137,956,000	120,293,000
Total Current Liabilities	$ 864,496,000	$ 488,499,000
Deferred Taxes on Income (relating to accelerated depreciation)	$ 56,420,000	$ 45,875,000
Long-term Debt, less amounts due within one year (Note 4):		
Senior indebtedness	$ 357,508,000	$ 382,038,000
Subordinated indebtedness	270,342,000	270,472,000
Total Long-term Debt	$ 627,850,000	$ 652,510,000
Minority Interest in Subsidiaries	$ 14,949,000	$ 13,813,000
Stockholders' Equity:		
Preferred stock, $1.00 par value, issuable in series, authorized 30,000,000 shares; issued, Series A, $2.00 per share cumulative dividends, 6,635,452 shares in 1971 and 6,727,072 shares in 1970 at stated value (each share convertible into two shares of common stock at any time and callable after May 1, 1974 at $45 per share liquidating value; aggregate liquidating value of $298,595,000 in 1971 and $302,718,000 in 1970. Notes 7 and 9)	$ 46,206,000	$ 43,527,000
Common stock, $1.00 par value, at stated value—Authorized, 70,000,000 shares; issued 26,261,154 shares in 1971 and 25,562,528 shares in 1970 (reflects two-for-one stock split) (Notes 7, 8 and 9)	230,677,000	211,663,000
Earnings reinvested (Note 4)	628,649,000	613,674,000
	$ 905,532,000	$ 868,864,000
Less—Preferred stock held by subsidiary—169,000 shares at cost	9,517,000	9,517,000
Total Stockholders' Equity	$ 896,015,000	$ 859,347,000
Total Liabilities and Stockholders' Equity	$2,459,730,000	$2,060,044,000

Explanatory notes to these financial statements appear on Pages 38 through 45.

MARCOR INC. AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF EARNINGS

	Fiscal Year Ended January 31, 1971	Fiscal Year Ended January 31, 1970
Net Sales	$2,804,856,000	$2,715,150,000
Costs and Expenses:		
Cost of goods sold	$2,010,517,000	$1,935,472,000
Operating, selling, administrative and research expenses	593,589,000	570,138,000
Interest expense	90,853,000	84,173,000
Total Costs and Expenses	$2,694,959,000	$2,589,783,000
Earnings before Taxes on Income	$ 109,897,000	$ 125,367,000
Provision for Taxes on Income (currently payable, $21,180,000 in 1970 and $6,315,000 in 1969)	50,260,000	58,417,000
Net Earnings	$ 59,637,000	$ 66,950,000
Net Earnings Per Common Share and Common Equivalent Share (Notes 9 and 10)	$1.77	$2.09
Net Earnings Per Common Share Assuming Full Dilution (Notes 9 and 10)	$1.50	$1.72

STATEMENT OF EARNINGS REINVESTED

	Fiscal Year Ended January 31, 1971	Fiscal Year Ended January 31, 1970
Balance at Beginning of Year	$ 613,674,000	$ 572,425,000
Net Earnings	59,637,000	66,950,000
Total	$ 673,311,000	$ 639,375,000
Cash Dividends:		
Preferred stock ($2.00 per share)	$ 13,125,000	$ 13,006,000
Common stock ($.72½ per share in 1970 and $.50 per share in 1969) (Note 9)	18,663,000	12,695,000
Total Dividends	$ 31,788,000	$ 25,701,000
Transfer to Common Stock Pursuant to Stock Split (Note 9)	12,874,000	—
Total	$ 44,662,000	$ 25,701,000
Balance at End of Year (Note 4)	$ 628,649,000	$ 613,674,000

STATEMENT OF SOURCE AND DISPOSITION OF FUNDS

	Fiscal Year Ended January 31, 1971	Fiscal Year Ended January 31, 1970
Source of Funds:		
Operations		
Net earnings	$ 59,637,000	$ 66,950,000
Depreciation and amortization (straight-line method)	54,118,000	50,226,000
Deferred taxes	28,208,000	42,373,000
Provided from Operations	$141,963,000	$159,549,000
New long-term debt	8,487,000	20,155,000
Increase in short-term debt	7,492,000	2,501,000
Increase in notes payable to Montgomery Ward Credit Corporation	300,700,000	27,700,000
Sale of stock under stock options	7,898,000	9,067,000
Decrease (increase) in receivables	13,836,000	(98,264,000)
Increase in accounts payable and accrued expenses	37,150,000	25,499,000
Sale of property	1,897,000	11,859,000
Decrease in funds held for construction	22,458,000	30,367,000
Increase (decrease) in taxes on income—currently payable	12,992,000	(6,761,000)
Other, net	2,326,000	2,500,000
Total Sources	$557,199,000	$184,172,000

	Fiscal Year Ended January 31, 1971	Fiscal Year Ended January 31, 1970
Disposition of Funds:		
Property additions and improvements	$159,771,000	$136,328,000
Increase (decrease) in cash and marketable securities	215,703,000	(53,628,000)
Increase in inventory	67,701,000	31,371,000
Increase in prepaid expenses	15,621,000	8,109,000
Increase in investments and other assets	33,468,000	16,214,000
Reduction in long-term borrowings	33,147,000	10,560,000
Cash dividends	31,788,000	25,701,000
Purchase of Series A preferred stock by subsidiary	—	9,517,000
Total Dispositions	$557,199,000	$184,172,000

Explanatory notes to these financial statements appear on Pages 38 through 45.

NOTES TO FINANCIAL STATEMENTS

(1) FINANCIAL STATEMENTS OF PRINCIPAL SUBSIDIARIES OF MARCOR INC.
The condensed consolidated financial statements of Container Corporation of America and of Montgomery Ward & Co., Incorporated are on pages 38-41.

CONTAINER CORPORATION OF AMERICA AND CONSOLIDATED SUBSIDIARIES

BALANCE SHEET

ASSETS

	January 31, 1971	January 31, 1970
Current Assets:		
Cash	$ 4,435,000	$ 5,002,000
Marketable securities	7,062,000	5,943,000
Receivables, net	63,062,000	62,926,000
Inventories	64,767,000	56,958,000
Prepaid expenses	14,258,000	15,353,000
Total Current Assets	$153,584,000	$146,182,000
Investments and Other Assets	32,541,000	32,065,000
Properties and Equipment, net	380,705,000	347,218,000
Unamortized Financing Costs	1,411,000	1,505,000
Excess of Cost of Acquired Subsidiaries Over Underlying Book Value at Dates of Acquisition	3,402,000	3,402,000
Total Assets	$571,643,000	$530,372,000

LIABILITIES

	January 31, 1971	January 31, 1970
Current Liabilities:		
Advances from affiliates	$ 35,436,000	$ 24,500,000
Short-term loans and current portion of long-term debt	14,220,000	8,086,000
Other current liabilities	62,626,000	54,526,000
Total Current Liabilities	$112,282,000	$ 87,112,000
Deferred Taxes on Income	24,740,000	18,829,000
Long-term Debt	136,542,000	139,695,000
Minority Interest in Subsidiaries	14,949,000	13,813,000
Equity of Marcor Inc.	283,130,000	270,923,000
Total Liabilities and Equity	$571,643,000	$530,372,000

STATEMENT OF EARNINGS

	Fiscal Year Ended January 31, 1971	Fiscal Year Ended January 31, 1970
Net Sales	$526,601,000	$509,554,000
Costs and Expenses:		
Cost of products sold	$417,286,000	$399,538,000
Selling, administrative and research expenses	49,765,000	48,048,000
Interest expense	5,465,000	4,800,000
Total costs and expenses (including depreciation and depletion of $24,009,000 in 1970 and $21,750,000 in 1969)	$472,516,000	$452,386,000
Earnings before Taxes on Income	$ 54,085,000	$ 57,168,000
Provision for Taxes on Income	23,915,000	25,376,000
Net Operating Earnings before Parent Company Charges	$ 30,170,000	$ 31,792,000
Interest Expenses Allocated from Parent Company, less applicable taxes on income	4,469,000	4,142,000
Net Earnings	$ 25,701,000	$ 27,650,000

SUMMARY OF OVERSEAS OPERATIONS:

Net Assets	$ 86,765,000	$ 78,669,000
Represented by—		
Minority interest	$ 14,949,000	$ 13,813,000
Container's equity	71,816,000	64,856,000
Total Net Assets	$ 86,765,000	$ 78,669,000
Net Sales	$115,444,000	$105,099,000
Total Earnings	$ 11,877,000	$ 11,926,000
Container Corporation's Equity in Total Overseas Earnings	$ 9,530,000	$ 9,496,000

MONTGOMERY WARD & CO., INCORPORATED AND CONSOLIDATED SUBSIDIARIES

BALANCE SHEET

ASSETS	February 3, 1971	January 28, 1970
Current Assets:		
Cash	$ 28,381,000	$ 25,183,000
Marketable securities	207,120,000	1,158,000
Receivables, net	236,687,000	252,998,000
Advances to affiliates	23,336,000	16,000,000
Inventories	525,788,000	466,445,000
Prepaid expenses	52,330,000	38,062,000
Total Current Assets	$1,073,642,000	$ 799,846,000
Investments and Other Assets	239,239,000	208,441,000
Properties and Equipment, Net	416,757,000	371,888,000
Unamortized Financing Costs	1,919,000	2,072,000
Total Assets	$1,731,557,000	$1,382,247,000

LIABILITIES		
Current Liabilities:		
Notes payable and current portion of long-term debt	$ 4,198,000	$ 25,690,000
Notes payable to Montgomery Ward Credit Corporation	328,400,000	27,700,000
Accounts payable and accrued expenses	299,494,000	271,041,000
Taxes on income (deferred relating to installment receivables)	129,085,000	103,065,000
Total Current Liabilities	$ 761,177,000	$ 427,496,000
Deferred Taxes on Income	27,750,000	24,931,000
Long-term Debt	217,791,000	220,950,000
Equity of Marcor Inc.	724,839,000	708,870,000
Total Liabilities and Equity	$1,731,557,000	$1,382,247,000

STATEMENT OF EARNINGS

	53-Week Period Ended February 3, 1971	52-Week Period Ended January 28, 1970
Net Sales	$2,226,893,000	$2,155,249,000
Costs and Expenses:		
Cost of merchandise sold, including net occupancy and buying expenses	$1,550,047,000	$1,495,581,000
Operating, selling, general and administrative expenses	537,126,000	512,420,000
Interest expense	65,400,000	61,232,000
Total costs and expenses (including depreciation of $26,528,000 in 1970 and $25,403,000 in 1969)	$2,152,573,000	$2,069,233,000
Earnings before Taxes on Income	$ 74,320,000	$ 86,016,000
Provision for Taxes on Income	35,249,000	42,234,000
Net Operating Earnings before Parent Company Charges	$ 39,071,000	$ 43,782,000
Interest Expense Allocated from Parent Company, less applicable taxes on income	4,469,000	4,142,000
Net Earnings	$ 34,602,000	$ 39,640,000

(2) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of all merchandising, manufacturing and real estate subsidiaries. The Company's investments in subsidiaries not consolidated (principally Montgomery Ward Credit Corporation, Pioneer Trust & Savings Bank and Montgomery Ward Life Insurance Company) are accounted for on the equity method and accordingly the earnings of these subsidiaries are included in net earnings and earnings reinvested. At January 31, 1971 the original cost of these investments plus equity in undistributed net earnings since formation or acquisiton was $206,539,000 and is included in Investments and Other Assets. Earnings before taxes on income of Montgomery Ward Credit Corporation have been reflected in the Statement of Earnings as a reduction of interest expense, and Earnings before taxes on income of the other subsidiaries which are accounted for on the equity method have been included in Operating, selling, administrative and research expenses. The Provision for Taxes on Income in the Statement of Earnings includes the income tax provision of all subsidiaries accounted for on the equity method. The consolidated financial statements issued in prior years included the accounts of Montgomery Ward Credit Corporation on a fully consolidated basis. For comparative purposes, the prior year's consolidated financial statements have been restated to reflect the equity method of accounting for the investment in Montgomery Ward Credit Corporation, and such restatement does not change the previously reported net earnings or earnings reinvested. Condensed financial statements of the Montgomery Ward Credit Corporation follow:

MONTGOMERY WARD CREDIT CORPORATION

BALANCE SHEET *(Millions)*	February 3, 1971	January 28, 1970
Assets		
Customers' receivables purchased from Montgomery Ward & Co., Incorporated without recourse, less portion withheld pending collection	$ 710.0	$851.5
Due from Montgomery Ward	328.4	27.7
Cash	9.1	9.1
Other assets	3.9	4.0
Total Assets	$1051.4	$892.3
Liabilities		
Notes payable and current portion of long-term debt	$ 526.9	$463.0
Accrued taxes and expenses	8.8	10.7
Long-term debt*	345.0	273.8
Equity of Montgomery Ward	170.7	144.8
Total Liabilities and Equity	$1051.4	$892.3

CREDIT CORPORATION

STATEMENT OF EARNINGS *(Millions)*	53-Weeks Ended February 3, 1971	52-Weeks Ended January 28, 1970
Income		
Earnings on investment in deferred payment accounts	$ 79.6	$ 74.2
Interest on notes of Montgomery Ward	11.0	4.4
Other income	1.4	1.2
Total Income	$ 92.0	$ 79.8
Expense		
Interest	$ 60.2	$ 52.4
Other expenses	.7	.6
Provision for Federal taxes on income	15.2	14.1
Total Expense	$ 76.1	$ 67.1
Net Earnings	$ 15.9	$ 12.7

CREDIT CORPORATION

*LONG-TERM DEBT less amounts due within one year *(Millions)*	February 3, 1971	January 28, 1970
Term Notes, due 1971	$ —	$ 25.0
Term Notes, due 1975	25.0	—
4⅞% Debentures, due 1980	50.0	50.0
4¾% Debentures, due 1981	25.0	25.0
6½% Debentures, due 1987	50.0	50.0
7⅜% Debentures, due 1988	60.0	60.0
9% Debentures, due 1989	50.0	38.8
9¼% Debentures, due 1990	60.0	—
5¼% Subordinated Debentures, due 1981	25.0	25.0
Total Long-term Debt	$ 345.0	$273.8

(3) ACCOUNTS RECEIVABLE

The following is an analysis of net accounts receivable shown in the Balance Sheet of Marcor Inc. and Consolidated Subsidiaries:

	January 31, 1971	January 31, 1970
Time Payment	$ 40,180,000	$ 94,823,000
Revolving Charge (After reduction in 1971 for customers' balances of $206,885,000 sold to banks without recourse)	832,159,000	959,432,000
Other	185,194,000	162,452,000
	$1,057,533,000	$1,216,707,000
Less:		
Reserve for unearned service charges applicable to Time Payment accounts	3,443,000	8,109,000
Reserve for uncollectible accounts	33,032,000	32,188,000
Accounts sold to Credit Subsidiary	709,954,000	851,470,000
Receivables, less reserves	$ 311,104,000	$ 324,940,000

(4) LONG-TERM DEBT
(less amounts due within one year)

	January 31, 1971	January 31, 1970
Marcor Inc.—		
6½% Subordinated Installment Debentures due 1988	$269,302,000	$269,302,000
Other	683,000	—
Container Corporation of America and Subsidiaries—		
Sinking Fund Debentures due from 1980 to 1993 bearing interest from 3.30% to 6⅝%	69,815,000	71,363,000
Lease obligations, average interest rate of 5¾%	50,602,000	50,836,000
Other	16,125,000	17,496,000
Montgomery Ward & Co., Incorporated—		
Sinking Fund Debentures due from 1982 to 1990 bearing interest from 4⅞% to 6%	161,837,000	162,913,000
Other	4,555,000	5,262,000
Montgomery Ward Real Estate Subsidiaries—		
Secured Notes due serially to 1999 bearing interest from 4¾% to 8½%	51,399,000	52,775,000
Hydro Conduit Corporation—		
Bank loans due 1971	—	20,000,000
Other	3,532,000	2,563,000
Total Long-term Debt	$627,850,000	$652,510,000

Long-term debt payment requirements, excluding $10,187,000 due in 1971, are as follows:

1972	$ 9,380,000	1981-1985	$100,112,000
1973	10,883,000	1986-1990	357,370,000
1974	13,122,000	1991-1995	27,250,000
1975	16,768,000	After 1995	4,662,000
1976-1980	88,303,000	Total Long-term Debt	$627,850,000

Under the Indenture covering the long-term indebtedness of the Company none of its Earnings Reinvested is restricted as to the payment of dividends. The indentures covering the long-term indebtedness of the Company's consolidated subsidiaries contain provisions which restrict the amount of dividends these subsidiaries may pay to the Company. Under the most restrictive of these provisions, $153,825,000 of Earnings Reinvested of these subsidiaries was available at January 31, 1971 for payment of dividends.

(5) LEASE OBLIGATIONS
The subsidiaries have real estate leases which have not been capitalized having terms of more than three years in effect as of January 31, 1971 which provide for present minimum annual rentals of approximately $34,198,000. In certain instances, additional amounts are due, such as real estate taxes and additional rent based upon percentage of sales. The majority of these leases expires by 1995.

As of January 31, 1971, Marcor had property rights of approximately $207,000,000 under real estate and personal property leases which had original terms of more than three years. These property rights represent the present value of the future minimum rentals excluding the estimated portion of these rentals which constitute payment for future real estate taxes and other expenses relating to the maintenance of the leased properties.

(6) RETIREMENT PLANS
A majority of all regular full-time employees of Marcor and its subsidiaries is covered by contributory retirement income plans. The total cost accrued applicable to these plans, including interest on unfunded prior service, was $7,540,000 for 1970 and $6,449,000 for 1969. The retirement plan accruals, together with assets held by retirement fund trustees, were sufficient to cover all vested benefits. The subsidiaries fund the retirement plans on a discretionary basis.

(7) STOCK OPTION PLAN
Under the Company's stock option plan, options to purchase stock of the Company may be granted (prior to March 25, 1979) to officers and other key employees of the Company at prices not less than market value at the dates of grant and are exercisable at such time or times and subject to such conditions as the Stock Option Plan Committee may determine. As of January 31, 1971 there were 250,746 shares of preferred stock and 1,521,924 shares of common stock reserved for this purpose and for options of Montgomery Ward and Container Corporation converted into Marcor options in connection with the merger.

The following summarizes the stock option activity for the year ended January 31, 1971:

	Common Stock*	Preferred Stock
Options outstanding at beginning of year	1,420,020	379,382
Options granted during year	54,900	—
Options exercised during year	(229,466)	(125,536)
Options cancelled and expired during year	(280,280)	(3,100)
Options outstanding at end of year	965,174	250,746
Average option price of outstanding options	$17.17	$33.76
Average option price of options exercised during year	$17.66	$33.07
Options exercisable at January 31, 1971	395,883	164,843

*Adjusted for two-for-one stock split.

(8) RESTRICTED STOCK PLAN

As of January 31, 1971 the Company had reserved 433,882 shares of common stock for its restricted stock plan providing for the issuance of common stock to officers and key employees of the Company and its subsidiaries in lieu of compensation which would otherwise be payable to these individuals.

(9) CAPITAL STOCK

On May 26, 1970, the stockholders approved an increase in the number of authorized common shares from 50,000,000 to 70,000,000 and a split of each share of common stock into two shares. Earnings and dividends per share amounts for 1970 and 1969 reflect the two-for-one common stock split. Each share of preferred stock is now convertible into two shares of common stock.

The following transactions were reflected in the capital stock accounts of the Company during the year ended January 31, 1971:

	Number of Shares	Stated Value
Preferred Stock		
Balance at beginning of year	6,727,072	$ 43,527,000
Shares issued upon exercise of stock options	125,536	4,151,000
Shares converted to common stock	(217,156)	(1,472,000)
Balance at end of year	6,635,452	$ 46,206,000
Common Stock		
Balance at beginning of year	12,781,264	$211,663,000
Transactions prior to two-for-one stock split on June 9, 1970—		
Shares issued under Restricted Stock Plan	17,424	921,000
Shares issued upon exercise of stock options	56,260	1,937,000
Preferred shares converted to common stock	19,051	124,000
Balance June 9, 1970	12,873,999	$214,645,000
Stock split two-for-one	12,873,999	12,874,000
Transactions after two-for-one stock split—		
Shares issued upon exercise of stock options	116,946	1,810,000
Preferred shares converted to common stock	396,210	1,348,000
Balance at end of year	26,261,154	$230,677,000

(10) EARNINGS PER SHARE

Earnings per share for the year ended January 31, 1971 reflect the two-for-one common stock split and have been calculated as follows:

	Common and Common Equivalent Shares	Assuming Full Dilution
Average number of common shares outstanding	25,743,703	25,743,703
Common stock equivalents due to assumed exercise of options	437,582	608,562
Increase in average number of common shares assuming conversion of outstanding Series A preferred shares	—	13,086,506
Common stock equivalents due to assumed exercise of Series A preferred stock options	—	314,428
Total Shares	26,181,285	39,753,199
Net earnings	$59,637,000	$59,637,000
Less—preferred dividend requirements based on average number of preferred shares and preferred equivalent shares outstanding during year	13,327,000	—
Net earnings used in per share calculations	$46,310,000	$59,637,000
Net earnings per share	$1.77	$1.50

(11) CONSUMER CREDIT OPERATIONS

The results of the consumer credit operations for Montgomery Ward which are included in the Statement of Earnings are as follows for 1970:

Service charges	$166,858,000
Operating expenses	
Interest	$ 59,375,000
Payroll	35,096,000
Provision for uncollectible accounts	29,004,000
All other credit and collection expenses	32,296,000
Provision for Federal taxes on income	5,433,000
Total Operating Expenses	$161,204,000
Net consumer credit operations earnings	$ 5,654,000

Interest includes the interest expense of the Montgomery Ward Credit Corporation, plus the portion of the interest expense of Montgomery Ward & Co., Incorporated and Consolidated Subsidiaries applicable to their investment in customers' receivables.

(12) LITIGATION

A number of pending lawsuits against Montgomery Ward and other retailers, some of which purport to be brought as class actions, attack under federal and state laws the legality of certain credit and billing practices. The relief requested in these lawsuits includes: refunds of finance charges and certain taxes collected during periods dating back to 1965; refunds of principal balances collected since 1968; statutory penalties under state laws and the federal Truth-in-Lending Act; injunctive relief requiring changes in the challenged practices; relief preventing the collection of outstanding balances; and costs, including reasonable attorneys fees. The ultimate liability to the Company under the lawsuits against Montgomery Ward is not presently determinable, but such suits could over a period of time involve millions of dollars if they should be decided adversely. However, the management of the Company does not anticipate that the ultimate disposition of these lawsuits will have a material adverse effect on the business or the financial position of the Company.

AUDITORS' REPORT

TO THE STOCKHOLDERS AND BOARD OF DIRECTORS, MARCOR INC.:

We have examined the balance sheets of Marcor Inc. (a Delaware Corporation) and consolidated subsidiaries as of January 31, 1971 and 1970, and the related statements of earnings, earnings reinvested and source and disposition of funds for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements referred to above present fairly the financial position of Marcor Inc. and consolidated subsidiaries as of January 31, 1971 and 1970, and the results of their operations and the source and disposition of funds for the years then ended, in conformity with generally accepted accounting principles consistently applied during the periods after giving retroactive effect to the change in accounting for the investment in Montgomery Ward Credit Corporation as explained in Note 2 to the financial statements.

Arthur Andersen & Co.

ARTHUR ANDERSEN & CO.
Chicago, Illinois, March 19, 1971

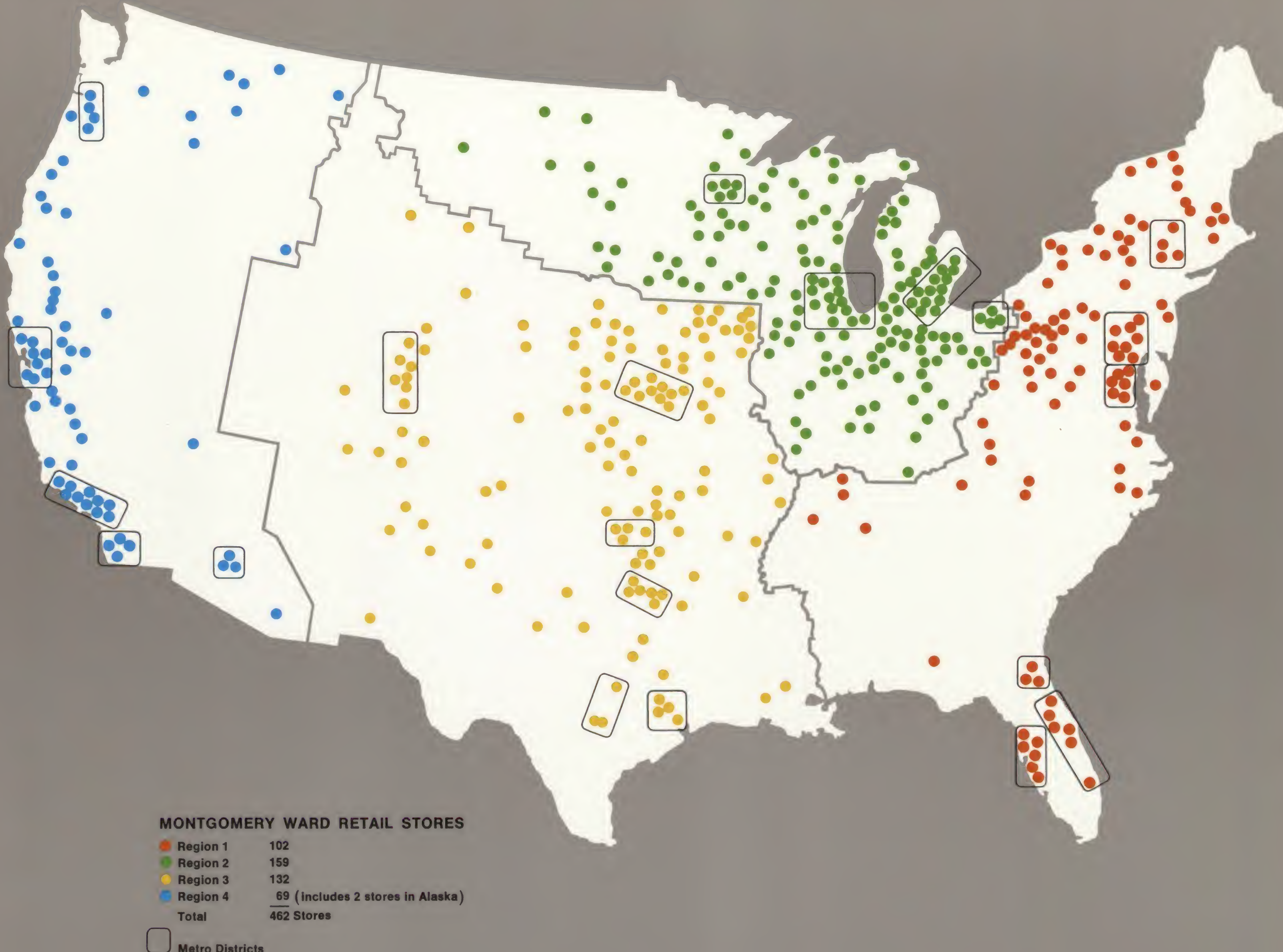
MARCOR INC. TEN-YEAR STATISTICAL SUMMARY ($000 omitted)

	1970	1969	1968	1967
Operations:				
Net sales	$ 2,804,856	$ 2,715,150	$ 2,500,705	$ 2,352,293
Net earnings*	59,637	66,950	53,810	37,443
Taxes on income (including all subsidiaries)*	50,260	58,417	49,920	27,582
Dividends*	31,788	25,701	25,265	22,131
Additions to properties and equipment	159,771	136,328	99,722	95,945
Depreciation and amortization	54,118	50,226	47,432	45,417
Financial Position:				
Working capital (after intercompany adjustments)				
Parent and consolidated subsidiaries	$ 690,973	$ 481,081	$ 452,662	$ 476,937
Credit subsidiary	184,448	388,493	390,122	301,702
Accounts receivable (after intercompany adjustments)				
Parent and consolidated subsidiaries	311,104	324,940	226,676	237,043
Credit subsidiary	709,954	851,470	821,147	663,305
Inventories	598,520	530,819	499,448	447,955
Net investment in properties and equipment	831,653	750,355	706,479	602,274
Long-term debt—				
Parent and consolidated subsidiaries				
Senior	357,508	382,038	368,734	294,898
Subordinated	270,342	270,472	274,181	4,950
Credit subsidiary				
Senior	320,000	248,750	235,000	175,000
Subordinated	25,000	25,000	25,000	25,000
Stockholders' Interest:				
Stockholders' equity*	$ 896,015	$ 859,347	$ 817,615	$ 791,675
Investment per common share				
(book value of shares outstanding at end of year)**	23.00	22.07	20.62	19.71
Earnings per common share and common equivalent share**	1.77	2.09	1.57	.93
Earnings per common share assuming full dilution**	1.50	1.72	1.36	.93
Shares outstanding—				
Preferred (pro forma prior to 1968)	6,466,452	6,558,072	6,612,352	6,566,049
Common**	26,161,154	25,502,528	25,226,784	25,173,114
Number of stockholders	80,585	80,862	88,248	104,661

*Amounts prior to November 1, 1968 have been reduced by the portions applicable to Container Corporation shares exchanged for debentures at that date.

**Adjusted for two-for-one stock split June 9, 1970.

1966	1965	1964	1963	1962	1961
$ 2,354,488	$ 2,154,049	$ 2,087,966	$ 1,856,926	$ 1,768,233	$ 1,656,039
36,699	40,050	35,501	32,062	31,417	27,757
26,527	30,685	27,982	28,644	31,870	27,589
21,803	21,215	20,171	19,907	19,325	20,005
101,898	104,743	103,396	110,638	46,718	50,059
41,651	37,606	34,496	29,178	26,672	23,842
$ 462,268	$ 479,619	$ 381,737	$ 435,145	$ 511,932	$ 495,826
249,574	285,489	277,119	185,555	153,509	162,510
257,480	214,237	128,307	91,676	79,252	208,009
621,995	661,555	624,746	515,708	414,882	240,374
457,120	445,173	390,917	364,683	318,908	327,154
580,456	523,434	461,799	400,426	324,172	309,329
270,082	259,215	113,631	91,139	83,176	61,232
—	—	—	—	—	—
125,000	125,000	125,000	75,000	75,000	75,000
25,000	25,000	25,000	25,000	25,000	25,000
$ 777,544	$ 762,851	$ 742,972	$ 725,355	$ 715,241	$ 703,721
19.09	18.52	17.81	17.35	17.11	16.64
.90	1.02	.84	.70	.68	.52
.90	1.01	.84	.70	.68	.52
6,597,704	6,598,680	6,552,414	6,428,648	6,340,364	6,311,061
25,173,114	25,162,844	25,157,624	25,138,304	25,131,542	25,216,792
104,456	102,902	108,079	113,099	122,388	126,172


MONTGOMERY WARD RETAIL STORES
Region 1 102
Region 2 159
Region 3 132
Region 4 69 (includes 2 stores in Alaska)
Total 462 Stores
Metro Districts

CONTAINER CORPORATION OF AMERICA

- Paperboard
- Folding Cartons
- Shipping Containers
- Composite Cans
- Plastics
- Paper Stock
- Fibre Drums

EUROPE

Shipping Container Plants
Novi Ligure, Italy
Soest, The Netherlands
Burgos, Spain
Huelva, Spain
Vigo, Spain

Folding Carton Plant
Orsenigo (Como), Italy

Composite Can Plants
Latina, Italy
Orsenigo (Como), Italy

Paperboard Mills
Milan, Italy
Valladolid, Spain

LATIN AMERICA

Folding Carton Plants
Cali, Colombia
Mexico City, Mexico
Caracas, Venezuela
Valencia, Venezuela

Paper Stock Plants
Cali, Colombia
Mexico City, Mexico
Caracas, Venezuela

Shipping Container Plants
Barranquilla, Colombia
Bogota, Colombia (2)
Cali, Colombia
Medellin, Colombia
Turbo, Colombia
Culiacan, Mexico
Mexico City, Mexico (2)
Caracas, Venezuela
Maracaibo, Venezuela
Maracay, Venezuela
Valencia, Venezuela

Composite Can Plants
Barranquilla, Colombia
Bogota, Colombia
Cali, Colombia
Mexico City, Mexico

Multiwall Bag Plants
Barranquilla, Colombia
Cali, Colombia

Plastics Plant
Mexico City, Mexico

Paperboard Mills
Cali, Colombia (2)
Mexico City, Mexico (2)
Caracas, Venezuela
Valencia, Venezuela

Marcor Stockholder Meeting

The Annual Meeting of Marcor stockholders will be held at 10 a.m. on Tuesday, May 25, 1971 at 619 West Chicago Avenue, Chicago, Illinois. Formal notice of the meeting, a proxy statement and proxy, were mailed to all stockholders of record April 16, 1971 with a copy of this Annual Report.

Corporate Offices

Marcor Inc., 619 West Chicago Ave., Chicago, Ill. 60607. Tel. (312) 467-8800

Marcor Inc., Edgemart Bldg., 4 Denny Road, Wilmington, Del. 19809. Tel. (302) 762-5256

Montgomery Ward & Co., Inc., 619 West Chicago Ave., Chicago, Ill. 60607. Tel. (312) 467-2000

Container Corporation of America, One First National Plaza, Chicago, Ill. 60670. Tel. (312) 786-5500

Common Stock

TRANSFER AGENTS	Morgan Guaranty Trust Company of New York, New York, N.Y.	The Northern Trust Company, Chicago, Ill.
REGISTRARS	Bankers Trust Company, New York, N.Y.	The First National Bank of Chicago, Chicago, Ill.

Preferred Stock

TRANSFER AGENTS	First National City Bank, New York, N.Y.	Harris Trust & Savings Bank, Chicago, Ill.
REGISTRARS	Chemical Bank New York Trust Co., New York, N.Y.	Continental Ill. Nat. Bank & Trust Company of Chicago, Chicago, Ill.

6½% Subordinated Debentures

TRUSTEE	Continental Illinois National Bank & Trust Company of Chicago, Chicago, Ill.

MARCOR 1970 ANNUAL REPORT